

Message Text

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ORIGIN EA-13

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMEMBASSY TAIPEI

AMEMBASSY SAIGON

AMEMBASSY PHNOM PENH

AMEMBASSY VIENTIANE

AMEMBASSY MOSCOW

AMEMBASSY JAKARTA

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LIMDIS

E.O. 11652:

TAGS: PFOR, JA

SUBJECT: ASSISTANT SECRETARY INGERSOLL'S MEETING WITH
FINMIN FUKUDA

1. ASSISTANT SECRETARY INGERSOLL HAD BREAKFAST MEETING
WITH FINMIN FUKUDA ON JUNE 12. BEGINNING WITH DISCUSSION
OF DOMESTIC POLITICS, FUKUDA PREDICTED THAT LDP WOULD MAIN-
TAIN ITS MAJORITY AND PERHAPS EVEN INCREASE ITS SEATS IN
UPPER HOUSE ELECTION. HE ATTRIBUTED THIS OPTIMISTIC PRE-
DICTION TO FAILURE OF OPPOSITION TO MOUNT JOINT CAMPAIGN,
GOJ'S SUCCESS IN CONTROLLING INFLATION TO SOME DEGREE, AND
ZAIKAI'S UNPRECEDENTED CONTRIBUTION OF FUNDS AND CAMPAIGN
SUPPORT TO INDIVIDUAL CANDIDATES. AS FOR UPCOMING ISSUES

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WITHIN THE LDP, FUKUDA SAID THERE IS GROWING CRITICISM

WITHIN PARTY OF AMOUNT OF MONEY BEING SPENT ON THIS CAMPAIGN. BLAMING TANAKA FOR ENCOURAGING QUESTIONABLE USE OF FUNDS IN THIS ELECTION, FUKUDA SAID THERE WOULD BE MAJOR INTRAPARTY DEBATE OF THIS ISSUE FOLLOWING UPPER HOUSE ELECTION. HE ADDED THAT MIKI IS ALSO TACKLING CAMPAIGN FINANCING ISSUE WITH ENTHUSIASM.

2. FUKUDA EXPRESSED DOUBT THAT THERE WOULD BE CABINET RESHUFFLE IMMEDIATELY FOLLOWING ELECTION. HE LINKED THIS TO JAPAN-CHINA CIVIL AVIATION ISSUE, INDICATING THAT KEY ISSUE WOULD BE OHIRA'S POSITION AS FOREIGN MINISTER. HE SUGGESTED THAT ROC IS LOOKING FOR FACE-SAVING MEANS OF

RESTORING AIR LINKS WITH JAPAN AND SAID THAT LARGE NUMBER OF PEOPLE BELIEVE THAT BEST MEANS WOULD BE FOR OHIRA TO RESIGN AS FOREIGN MINISTER. IT WOULD HAVE BEEN IMPROPER FOR GOJ TO ALLOW OHIRA TO RESIGN TO ACCEPT RESPONSIBILITY AT THE TIME JAPAN-TAIWAN AIR LINKS WERE BROKEN. IT WOULD BE SIMILARLY DIFFICULT, HE SAID, FOR OHIRA TO STEP DOWN AS FOREIGN MINISTER IMMEDIATELY FOLLOWING UPPER HOUSE ELECTION. WHILE FOCUS OF INTRAPARTY CRITICISM ON CIVIL AVIATION ISSUE HAS BEEN ON OHIRA, FUKUDA SAID THAT THERE IS CONSIDERABLE DISSATISFACTION WITH TANAKA'S HANDLING OF THIS MATTER. IN RESPONSE TO INGERSOLL'S QUERY, FUKUDA SAID THAT LIKELIHOOD IS GREAT THAT TANAKA WILL REMAIN AS PRIME MINISTER AT LEAST UNTIL NEXT LDP PRESIDENTIAL ELECTION JULY 1975).

3. INGERSOLL RAISED QUESTION OF JAPAN'S AID TO SOUTHEAST ASIA, ASKING IF THE GOJ'S HEIGHTENED INTEREST IN MIDDLE EAST WOULD AFFECT LEVEL OF AID TO SEA. FUKUDA SAID THAT THERE WOULD BE NO CHANGE IN LEVEL OF GOJ AID TO SEA. IN RESPONSE TO INGERSOLL'S STATEMENT THAT WE WOULD LIKE TO SEE JAPAN INCREASE ITS AID TO INDOCHINA, FUKUDA SAID HE WOULD "KEEP THAT IN MIND." INGERSOLL SUGGESTED THAT GOJ MIGHT ALLOCATE AID WHICH IT ORIGINALLY EARMARKED FOR NVN TO SVN, LAOS OR CAMBODIA. FUKUDA SAID THAT NO AID HAD BEEN SPECIFICALLY APPROPRIATED FOR NVN. GOJ HAD EXPRESSED INTENTION TO OFFER NVN CERTAIN PORTION OF AID PACKAGE FOR ENTIRE INDOCHINA AREA. GOJ COULD REDISTRIBUTE IT ELSE-

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WHERE IN INDOCHINA IF NVN REFUSES TO ACCEPT IT.

4. FUKUDA CLAIMED SOME SUCCESS IN DEALING WITH INFLATION AND BALANCE OF PAYMENTS PROBLEMS. HE DESCRIBED INFLATION AS NOT YET FULLY CONTROLLED BUT AS RETURNING TO MORE MANAGEABLE LEVEL. HE WAS PLEASED WITH BALANCE OF PAYMENTS PERFORMANCE THUS FAR THIS YEAR. NOTING THAT JAPAN'S PAYMENTS DEFICIT WAS \$13 BILLION FOR THE FISCAL YEAR

ENDING MARCH 31, HE SAID HIS GOAL WAS TO HALVE THAT FIGURE THIS YEAR, HALVE IT AGAIN NEXT YEAR, AND RESTORE BALANCE WITHIN THREE YEARS. HE SAID IT WOULD BE DIFFICULT FOR JAPAN TO EXPAND ITS AID DUE TO BALANCE OF PAYMENTS PROBLEMS BUT THAT IT WOULD MAKE EVERY EFFORT TO FULFILL RESPONSIBILITY TO WORLD COMMUNITY THROUGH INCREASED AID.

5. ON SIBERIAN DEVELOPMENT, FUKUDA NOTED THAT JAPAN HAD CONDITIONED ITS PARTICIPATION IN YAKUTSK GAS PROJECT ON EQUIVALENT US INVOLVEMENT AND COMPLAINED THAT US ATTITUDE REMAINS UNCLEAR. HE EXPRESSED MISGIVINGS ABOUT TYUMEN OIL PROJECT ON ECONOMIC AND BALANCE OF PAYMENTS GROUNDS. ON YAKUTSK GAS, INGERSOLL REFERRED TO

CONGRESSIONAL PROBLEM AND SAID THAT USG HAS MADE IT CLEAR TO ANZAI AND OTHERS THAT IT HAS NO OBJECTIONS TO EXPLORATION PROJECT IF PRIVATE FIRMS WISH TO PARTICIPATE.

6. FUKUDA SAID HE WAS GREATLY ENCOURAGED BY IMPROVEMENT IN US RELATIONS WITH ARAB NATIONS AND DESCRIBED RECENT MIDDLE EAST SETTLEMENT AS ONE OF GREATEST ACHIEVEMENTS SINCE END OF WORLD WAR II IN TERMS OF ITS EFFECTS ON EAST-WEST RELATIONS. INGERSOLL SOUGHT FUKUDA'S ASSESSMENT OF FUTURE OIL PRICES, NOTING THAT ARABIAN OIL CO. PRESIDENT MIZUNO, DURING HIS RECENT VISIT TO WASHINGTON, HAD DISAGREED WITH OUR VIEW THAT PRICES WILL DECLINE. FUKUDA SAID THAT FUTURE PRICE OF OIL WILL DEPEND ON THE ABILITY OF CONSUMERS TO TAKE CONCERTED ACTION TO CONSERVE FUEL. IN THIS REGARD, FUKUDA SAID THAT HE WOULD RESIST MITI MINISTER NAKASONE'S EFFORTS TO INCREASE BY TEN PERCENT JAPAN'S YEARLY OIL IMPORTS WHICH WERE PROJECTED AT 270 MILLION KILOLITERS IN COMPILING THIS YEAR'S BUDGET.

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7. AT CONCLUSION OF MEETING, INGERSOLL RAISED INDONESIAN LNG ISSUE, STATING THAT BOTH WE AND JAPANESE ARE CONCERNED OVER JAPAN'S COMMITMENT TO HIGH PRICE FOR INDONESIAN GAS, IN PART DUE TO ITS EFFECTS ON NEGOTIATIONS WITH SOVIETS AND OTHERS. FUKUDA DID NOT RESPOND DIRECTLY.

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